

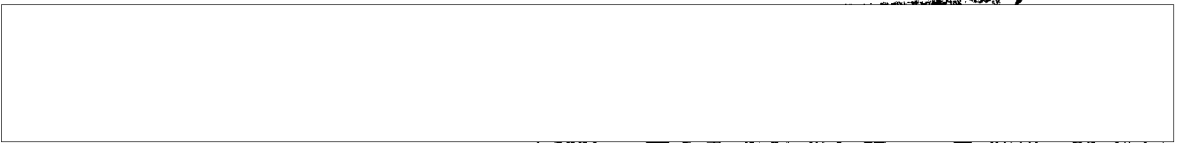
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Registered-Return Receipt Requested

FF 8



Attention:



Subject : Contract No. RD-91-SA Supplemental Agreement No. 2,
H-2061

Gentlemen:

We are enclosing herewith in quadruplicate Supplemental Agreement No. 2 to Contract No. RD-91-SA for signature by an official of your company.

This Supplemental Agreement has been issued in accordance with your proposal submitted under cover of your letter dated December 8, 1955. The total price requested by you was \$50,556.00. The enclosed Supplemental Agreement has been prepared authorizing an increase of \$50,551.00 or \$5.00 less than your proposal. The decreased amount of \$5.00 represents the fee on overtime premium which is not allowable in accordance with the terms of the contract appearing under Article 5(b) (14) on Page 5 of Schedule A. Article 5(b) of Schedule A of the contract has been amended to allow for direct charge of special drayage cost instead of shipping costs. This is necessary as your routine shipping costs are included in your overhead account. Since authorization to proceed with the additional work was not granted by 15 December 1955, the delivery schedule has been revised from that proposed by you. These matters were all discussed and agreed to by your local representative prior to the issuance of this document.

Your early return of all documents to the undersigned for acceptance will be appreciated.

Very truly yours,

This material contains information which, if disclosed, would be injurious to the national defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.



Contracting Officer

Enclosure:

4 copies of Supplemental Agreement No. 2

Distribution:

- Orig. and 1 - Addressee
- 1 - RD-91-SA (Official)
- 1 - Communications Div/ED
- 1 - Chrono

SEC.

SECRET**Supplemental Agreement No. 1
Contract No. RD-91-SA**

This Supplemental Agreement made this 6th day of September 1955, between the United States of America (hereinafter called "the Government") represented by the Contracting Officer executing this contract, and [REDACTED], a corporation organized and existing under the laws of the state of Pennsylvania, having its principal place of business at [REDACTED] (hereinafter called "the Contractor").

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WITNESSETH:

WHEREAS, the parties hereto entered into Contract No. RD-91-SA under date of 9 June 1955 for certain research and development work;

WHEREAS, the parties hereto are desirous of correcting a typographical error appearing in the description of Item 1 of Schedule A of the contract;

WHEREAS, the overhead rate specified in Article 5(b)(13) of Schedule A of the Contract is for the Mechanical Engineering Department, Plant 12;

WHEREAS, the work under this contract will be performed in the Electronics Engineering Department, Plant #50;

WHEREAS, the Contractor under certain provisions of the specifications for the work to be conducted is required to perform Environmental Testing;

WHEREAS, the contract does not provide for a provisional overhead rate for Department 13-647, Product Testing, where the Environmental Testing will be performed;

WHEREAS, the Government is desirous of clarifying the provisions of Paragraph (c) appearing on Page 5 of Article 5 of Schedule "A" which is entitled "Special Property Acquisitions"; and

WHEREAS, the Contractor is willing and it is in the best interest of the Government to amend the contract to correct the typographical error, to provide for the applicable overhead rates and to clarify the "Special Property Acquisition" clause;

NOW THEREFORE, the parties hereto mutually agree as follows:

1. The figures referencing the technical proposal in Item 1 of Schedule A and reading "2.651" should be corrected to read "651".

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SECRET

2. Article 5(b)(13) of Schedule A of the contract is deleted in its entirety and the following is substituted therefor:

Direct labor overhead rates, machine hour overhead rates, and general and administrative expense rates based on cost of sales (excluding general and administrative expenses), shall be negotiated, and agreed upon in writing between the Contractor and the representative of the Department of Defense, for CPFF contracts with the Government for the respective calendar periods during which work hereunder is performed, and as certified by the cognizant Department of Defense Auditor. Whenever necessary, the last previously established rate shall be used provisionally until the properly allocable rate shall have been established. The rates shall be negotiated no oftener than every six months or for such longer period as may be mutually agreeable. Any failure on the part of the Department of Defense and the contractor to agree on a requested revision of the overhead rates shall be considered a dispute concerning a question of fact within the meaning of the article of this contract entitled "Disputes"; pending settlement under such article, the contractor shall diligently proceed with performance. In the event the Department of Defense does not negotiate any or all of the applicable overhead rates, the Contracting Officer reserves the right to have an audit performed and negotiate the rates. The following rates shall be used provisionally until the properly allocable rates have been established in accordance with this Section (13):

Electronics Engineering Department, Plant #50	\$2.25(*)
Product Testing, Department 13-647	\$4.00 per hour(**)
General and Administrative Expense	6.67%(***)

- (*) Applicable to Departmental Direct Labor Hours
- (**) Applicable to Machine Hours
- (***) Applicable to total costs, exclusive of General and Administrative Expenses.

The Contractor shall promptly notify the Contracting Officer hereunder of the direct labor overhead rates, the machine hour overhead rate and the General and Administrative expense rates negotiated with the Department of Defense and applicable to the type of work being performed under this contract. Said notification should be accompanied with the following certification:

"I certify that no item of cost claimed as a direct charge under terms of the contract has been included as an element of expense in establishing the overhead rate(s)."

Such rates shall be set forth in an amendment to this contract.

SECRET

3. Article 5(c) of Schedule A of the contract is deleted in its entirety and the following is substituted therefor:

(c) Special Property Acquisition. The Contractor shall obtain the approval of the Contracting Officer before (i) purchasing any item of capital equipment at a cost of \$500.00 or more, (ii) making any building alteration at a cost of \$500.00 or more, (iii) constructing buildings, or (iv) leasing real property, for the cost of any portion or all of which reimbursement will be claimed as a direct cost hereunder. For each of the above mentioned acquisitions, Contractor shall obtain three bids and refer them, together with the Contractor's recommendations, to the Contracting Officer for approval. In the event multiple bids are not obtainable, an explanation of the reason therefor will be furnished to the Contracting Officer.

All other terms and conditions remains the same as set forth in the original contract.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

BY:

TITLE: Contracting Officer

CORPORATION

BY: _____

TITLE: _____

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